

## Old Age, Disability, Death

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First law: 1941.

Current laws: 1954 and 1991.

Type of program: Social insurance system.

**Exchange rate:** U.S. \$1.00 equals 1 balboa.

### Coverage

Employees and domestic workers. (Self-employed may join voluntarily.) Public employees covered under both general and special systems. Exclusions: Agricultural workers employed less than 3 months a year and family labor.

Occasional and seasonal workers to be covered under subsequent regulation. All foreigners except those working in Panama for less than two months under a foreign employment contract.

### Source of Funds

**Insured person:** 6.75% of earnings.

**Employer:** 2.75% of payroll.

**Government:** Proceeds of tax on alcohol (for administration of old-age, survivors, and disability, sickness and maternity, and work injury programs.)

Above contributions also finance sickness and maternity.

### Qualifying Conditions

**Old-age pension:** Age 62 (men) or 57 (women). 180 months of contribution. Retirement necessary.

**Disability pension:** Loss of 2/3 of earning capacity. 36 months of contribution including 18 months during last 3 years, or a total of 180 months of contribution.

**Survivor pension:** Deceased met disability pension requirements or was pensioner at death.

### Old-Age Benefits

**Old-age pension:** 60% of average earnings during highest 7 years of earnings plus 1.25% of earnings for each 12 months of contributions in excess of 180 months. Increment of 2% granted for each 12 months of deferral during which contributions are made. Minimum pension: 175 balboas a month; maximum, 1,000 balboas a month.

Maximum pension with 25 years of coverage and average earnings of 1,500 per month for 15 years, 1500 balboas a month.

Dependents' supplements (at normal retirement age): 20 balboas a month for wife, 10 balboas per child under age 18 (no limit if disabled); maximum, 100 balboas.

Pension plus dependents' supplements cannot exceed 100% of average earnings used for pension calculation.

Old-age settlement: 1 month's pension for each 6 months of contribution, if ineligible for pension.

Adjustment: Adjustment of pensions on an ad hoc basis.

### Permanent Disability Benefits

**Disability pension:** Same as old-age pension.

Increment of 1% of earnings for each 12 months of contribution beyond 120 months. If coverage less than 7 years, pension based on average earnings during period credited.

Constant-attendance supplement: 10% of earnings.

Dependents' supplements: Same as for old-age pension.

Minimum pension: Same as for old-age pension.

Disability settlement: 1 month's pension per 6 months of contribution (lump sum) if ineligible for full pension but with at least 12 months of contribution, 6 of which in year prior to disablement.

Adjustment: Adjustment of pensions on an ad hoc basis.

### Survivor Benefits

**Survivor pension:** 50% of pension paid or accrued to insured paid to widow age 55, disabled, or caring for child until the child stops receiving orphan's benefits; also payable to dependent disabled widower. Paid to other widows for 5 years only.

Orphans: 20% of pension of insured for each orphan under age 14 (18 if student, no limit if disabled), or 50% if full orphan.

Other dependents (in absence of above): Mother or aged or disabled father, 30% of pension of insured; eligible brothers and sisters, 20%.

Maximum survivor pensions: 100% of pension of deceased.

Funeral grant: 250 balboas.

Adjustment: Adjustment of pensions on an ad hoc basis.

### Administrative Organization

Ministry of Health, national health policy.

Social Insurance Fund, administration of program; managed by

Board of Directors and a Director General with an Advisory Board for technical advice.

## Sickness and Maternity

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First law: 1941.

Current laws: 1954.

Type of program: Social insurance system. Cash and medical benefits.

### Coverage

Employees in private and public employment and domestic workers. (Self-employed may join voluntarily.) Pensioners also covered for medical benefits. Exclusions: Agricultural workers employed less than 3 months a year and family labor. Foreigners working in Panama under a foreign employment contract for less than 2 months.

### Source of Funds

**Insured person:** 0.50% of earnings. Pensioners, 6.75% of pension.

**Employer:** See pension contributions, above.

**Government:** 8% of payroll.

### Qualifying Conditions

**Cash sickness benefits:** 6 months of contribution during last 9 months.

**Cash maternity benefits:** 9 months of contribution during 12 months preceding 7th month of pregnancy.

Medical benefits: Currently covered or pensioner.

In case of unemployment, coverage continues for 3 months after separation from employment (12 months for those having made 180 months of contribution).

### Sickness and Maternity Benefits

**Sickness benefit:** 70% of average earnings during previous 2 months. Payable after 4-day waiting period for up to 52 weeks for one illness.

**Maternity benefit:** 100% of average weekly earnings in last 9 months, payable for up to 6 weeks before and 8 weeks after confinement.

### Workers' Medical Benefits

**Medical benefits:** Medical services ordinarily provided directly to patients through facilities of Social Insurance Fund or Ministry of Health (in special cases or where Fund or Ministry have no facilities, reimbursement of part or all of cost of care obtained privately). Includes general and specialist care, surgery, hospitalization, laboratory services, medicines, dental care, and maternity care. Maximum duration: No limit if service necessary.

### Dependents' Medical Benefits

**Medical benefits for dependents:** Same as for insured except for maternity. Provided to wife and children under age 18 (25 if student or disabled); also to dependent mother or disabled father over age 60.

### Administrative Organization

Ministry of Health, national health policy.  
Social Insurance Fund, administration of program. Fund operates own hospitals and other medical facilities in larger cities.

Partial disability: Pension for 2 years, proportionate to degree of disability, and subject to extension if disability greater than 35%; may be commuted to lump sum if disability is 35% or less.

### Workers' Medical Benefits

**Medical benefits:** General and specialist care, surgery, medicines, hospitalization, and appliances.

### Survivor Benefits

**Survivor pension:** 25% of earnings of insured (30% if sole beneficiary or disabled) for life.  
Orphans: 15% of earnings for 1 orphan, 25% for 2, 35% for 3, and 40% for 4 or more orphans under age 18. If full orphans, 15% each for 2 or more children under age 18.  
Other dependents (in order of priority): Mother or aged or disabled father (payable for 10 years); brother or sister under age 18, and other aged or disabled relatives (payable for 6 years). Maximum: 30% of earnings of insured.  
Maximum for all survivor pensions: 75% of earnings of insured. (Pensions that bring total over maximum reduced proportionately.)  
Funeral grant: 250 balboas.

### Administrative Organization

Ministry of Health, national health policy.  
Social Insurance Fund, administration of program.

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**Contact—Barbara E. Kritzer—202-282-7293**

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## Work Injury

First law: 1916.  
Current law: 1970.  
Type of program: Compulsory insurance with public carrier.

### Coverage

Employees in private and public employment.

### Source of Funds

**Insured person:** None.  
**Employer:** Whole cost, through premiums fixed according to risk category (average, 1.7% of payroll).  
**Government:** None.

### Qualifying Conditions

**Work-injury benefits:** No minimum qualifying period.

### Temporary Disability Benefits

**Temporary disability benefit:** 100% of earnings during first 2 months, 60% during period prior to rehabilitation.

### Permanent Disability Benefits

**Permanent disability pension:** 60% of earnings if 100% disabled (subject to review every 2 years). Minimum pension: 175 balboas a month; maximum, 1,000 balboas.